

MEDIA RELEASE

For immediate release

Singaporeans trust their insurance advisors and perceive the life insurance industry positively: Results of Consumer Study

Singapore, 7 May 2012: A recent consumer survey commissioned by the Life Insurance Association (LIA) reveals that majority of Singapore residents perceive the local insurance industry well and trust the insurance advisors who serve them.

The findings of this study will set a baseline for the LIA to measure the industry's progress in achieving fair dealing for its customers. The LIA also aims to ascertain consumers' knowledge, perceptions and attitudes towards insurance products, and better understand the average Singaporean's interactions with life insurance companies and financial institutions.

The consumer study sought the views of 800 respondents who answered questions focused around Customer, Compensation, Competence and Communication. The study was conducted between November 2011 and January 2012 by Ipsos, an independent market research company. The survey polled 800 Singaporeans and Singapore Permanent Residents who were randomly selected. Respondents had to be decision makers in buying personal financial products and were categorised into two groups:

- a. Users: Persons who own a life insurance product and have had an insurance advisory review in the past three years.
- b. Non-users: Persons who do not own a personal life insurance product but intends to do so in the next three years.

The respondents were also quota-controlled on age, gender and race to ensure that it reflected the nation's demographics. Door-to-door interviews were carried out using a structured questionnaire in languages of the respondents' choice (English, Chinese or Malay). Each face-to-face interview lasted 30 minutes.

Key findings of survey

Of the respondents interviewed:

- 72 per cent are “Very Satisfied” and “Satisfied” with the life insurance industry as a whole.
- Three quarters (76 per cent) placed high trust in the overall competency of their advisors.
 - 69 per cent of Users relied on only one trusted agent (someone who represents 1 insurance company).
- 77 per cent are aware that their advisors' remuneration comes from the premiums they pay.
 - 91 per cent consider the current remuneration system reasonable or have no strong feelings about it.
- 80 per cent stated that financial advice is crucial when they make purchase decisions.
 - 92 per cent of the Users who went through a full/partial fact finding session in the past 3 years said they benefited from the fact-finding process which helped their advisors identify their needs better.

Overall, the bulk of Singaporeans and Singapore PRs are satisfied with the life insurance industry and perceive it positively.

Educate and Engage “Non-Users”

The survey findings showed that while the majority of Users are satisfied with the industry, Non-Users needed greater assurance and education. President of the LIA, Mr Tan Hak Leh said: “There is a need for us to continue our efforts to enhance financial literacy, especially amongst Non-Users. We should reach out to them so

that they can have a better understanding of the industry, the range of solutions that can meet their needs and the protection that insurance policies can offer to them.”

“Through the consumer education, the Non-Users will get a sense of the quality of professional advice they can expect from insurance advisors,” added Mr Tan.

Insurance advisors are vital

The study also revealed that respondents who claimed that they are confident in their knowledge of insurance products still required advice when making purchase decisions.

Mr Tan reiterated that insurance advisors have a critical role to provide quality financial advice to all consumers – Users and Non-Users alike. “An advisor is able to share his or her knowledge to help clients better understand their needs, risks and goals through the fact-find, and recommend suitable insurance policies so that they have adequate protection in circumstances that life can serve up unexpectedly, such as retirement or medical emergencies and hospitalisation, or the death of a loved one.”

Life Insurance Association, Singapore (LIA)

Established in 1962, the Life Insurance Association, Singapore (LIA) is the not-for-profit trade body of life insurance product providers and life reinsurance providers based in Singapore and licensed by the Monetary Authority of Singapore.

Vision and Mission

The vision of member companies is *to provide individuals with peace of mind and to promote a society where every person is prepared for life's changing cycles and for those situations unforeseen.*

They are *committed to being a progressive life insurance industry by collectively enhancing consumer understanding, promoting industry best practices, and through the association fostering a spirit of collaboration and mutual respect with government and business leaders.*

Values underpinning the association and its members

Unified in our resolve to deliver innovative solutions where every individual's needs are best met.

Professional in the way we conduct ourselves and in the counsel we give.

Ethical in ensuring our policyholders' interests are managed with utmost integrity.

Fair in how we strive to provide favourable outcomes to both our policyholders and shareholders.

Open & honest in all that we do to build an environment of trust and transparency.

Proactive in the steps we take to give our people the skills and knowledge to provide sound solutions at all times.



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